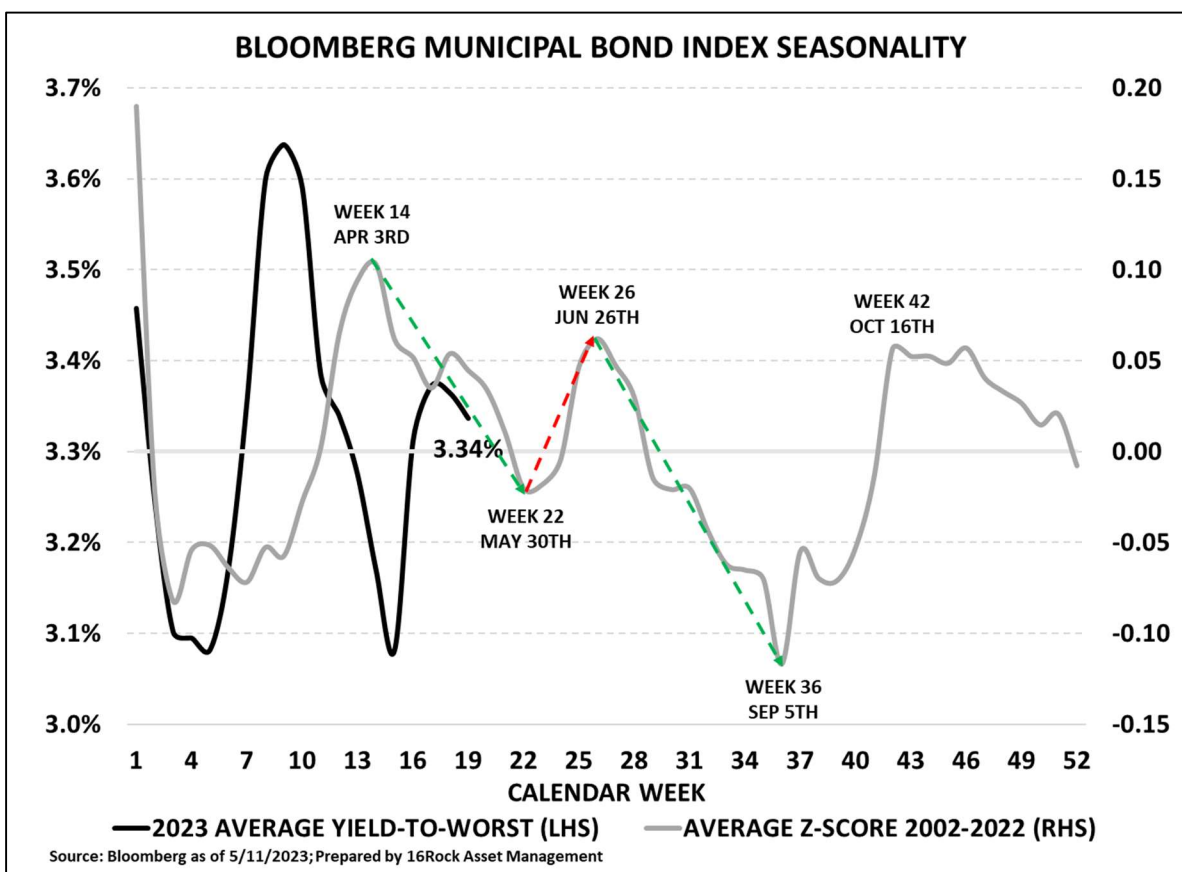


Seasonality is an important technical consideration when formulating an investment strategy. In this post we chart the Bloomberg Municipal Bond Index Yield-to-Worst (tax-exempt) by week and compare 2023 to historical average z-score (2002-2022).

Positive developments have emerged and there are good reasons to get invested. We previously noted portfolio construction must be thoughtful about when to speed up and slow down investment. This is a time to speed up but recognize the positive summer months of July/August are not without some hiccups along the way (Week 22-26).

Those positives include: municipal new issue supply 34% behind last year’s pace; record reinvestment proceeds expected; economic uncertainty favorable for lower rates; Federal debt issue that reduces tax risk making municipal’s more valuable; US State credits are not allowed to have a budget deficit unlike the Federal government; record cash on the sidelines gaining more comfort around the FOMC before extending out the curve.

Our views on this topic will continue to evolve as more information becomes available. As always, we welcome the opportunity to speak with you about the market and how we might be able to help.



IMPORTANT DISCLOSURE INFORMATION

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